

Memorandum

To: Senator Brown

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From: Finn McMichael, Tax Policy and Research

January 26, 2021
LEGISLATIVE AUDIT DIV.

Date: January 6, 2021

Subject: Taxability of Coronavirus Relief Fund Grants in Montana

This memorandum provides estimates of the percentage of Coronavirus Relief Funds that are likely to be taxable in Montana. The Department of Commerce has a publicly available list of all the awarded grants as of December 28, 2020 with a total awarded amount of \$738,102,222. I aggregated these individual grants by the grant program and determined which of the grant programs were likely to be taxable based on the description and intended recipients. Of the 21,588 grants awarded, 17,675 of them are assumed to be taxable. The total grant amount of the taxable grants is \$362,476,065, or about 49 percent of the total amount of grants awarded. The following two tables show the number and amount of grants aggregated by grant program for the grant programs that are assumed to be taxable in the first table and not taxable in the second table.

Grant Program - Taxable	Number of Grants	Total Funds Paid
Agriculture Adaptability Program	93	\$854,255
Business Adaptation Grant	4,165	\$21,602,714
Business Innovation Grant	149	\$2,393,106
Business Stabilization Grant	11,455	\$253,878,630
Child Care - Supplemental Payments to Providers	826	\$8,005,000
East Edge of Glacier Park Tourism Business Grant	43	\$856,792
Emergency Housing Assistance Program	37	\$8,194,314
Live Entertainment Grant	76	\$10,331,400
Montana Arts Council Grants	315	\$731,721
Montana Meat Processing Infrastructure Grant	99	\$9,493,687
Movie Theater Assistance Grant	19	\$1,616,768
Private School Funding for Pandemic Related Impacts	29	\$2,094,441
Safeguard Access Grants	26	\$758,477
School-aged Child Care Grant	319	\$33,664,761
Tourism Safety Grant	24	\$8,000,000
Total	17,675	\$362,476,065

Grant Program - Not Taxable	Number of Grants	Total Funds Paid
2020 Census Promotion Grant	4	\$511,154
Behavioral Health and Substance Use Disorder Grant	88	\$8,970,737
Food Bank and Food Pantry Assistance	132	\$4,688,413
Local Government Reimbursements	112	\$128,646,699
Montana Board of Investments: Working Capital Loans	206	\$23,125,517
Montana Loan Deferment Program	988	\$46,734,684
Public Health Grants	64	\$9,307,656
Public School Funding for Pandemic Related Impacts	403	\$73,018,675
Public Schools - Technology Grant	101	\$4,762,816
Public Schools - Transportation Grant	106	\$4,259,388
Social Services Nonprofit Grant	1,513	\$55,473,242
Special Circumstances Child Care Scholarships	46	\$15,651,000
Special Education Cooperative Funding	11	\$205,346
Stay Connected Grants	139	\$270,829
Grand Total	3,913	\$375,626,157